



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

**BY U.S. MAIL**

**DEC 12 2013**

Christopher Mead, Esq.  
London & Mead  
1225 19th St., NW, Suite 320  
Washington, DC 20036

Re: MUR 6766 (formerly Pre-MUR 554)  
Terri Jones

Dear Mr. Mead:

In the normal course of carrying out its supervisory responsibilities, the Federal Election Commission received information suggesting that your client, Terri Jones, may have violated the Federal Election Campaign Act of 1971, as amended (the "Act"). On March 21, 2013, your client was notified that the information was being reviewed by the Commission's Office of the General Counsel for possible enforcement action under 2 U.S.C. § 437g. On December 3, 2013, the Commission found reason to believe that your client violated 2 U.S.C. §§ 432(b)(3), 432(c), 434(b), and 439a and Commission regulations by diverting campaign committee funds for personal uses, commingling, and failing to keep records and ensure the accuracy of disclosures filed with the Commission. The Commission also found reason to believe that these violations were knowing and willful. I have enclosed the Factual and Legal Analysis that sets forth the basis for the Commission's determination.

You may submit any factual or legal materials that your client believes are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred and proceed with conciliation.

If your client is interested in pursuing pre-probable cause conciliation, you should so request in writing. See 11 C.F.R. § 111.18(d). Upon receipt of the request, the Office of the General Counsel will make recommendations to the Commission either proposing an agreement in settlement of the matter or recommending declining that pre-probable cause conciliation be pursued. The Office of the General Counsel may recommend that pre-probable cause conciliation not be entered into at this time so that it may complete its investigation of the matter. Further, the Commission will not entertain requests for pre-probable cause conciliation after briefs on probable cause have been mailed to the respondent.

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Requests for extensions of time will not be granted routinely. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

Please note that your client has a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

If you have any questions, please contact Leonard Evans, the attorney handling this matter, at (202) 694-1650. In the meantime, this matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A) unless you notify the Commission in writing that your client wishes the matter to be made public.

On behalf of the Commission,



Ellen L. Weintraub  
Chair

Enclosure:

Factual and Legal Analysis: Terri Jones

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1 **I. FACTUAL SUMMARY**

2 In separate hearings on February 20, 2013, Congressman Jesse Jackson, Jr. and Sandra  
3 Jackson entered guilty pleas to federal charges related to a \$750,000 personal-use scheme dating  
4 back to 2005.<sup>3</sup> The Statement of Offense supporting Congressman Jackson's plea describes a  
5 long-running scheme involving Congressman Jackson, his wife Sandra Jackson (referred to as  
6 Co-Conspirator 1), and former campaign treasurer Terri Jones (referred to as Person A), among  
7 others, to divert funds from Congressman Jackson's campaign committee, Jesse Jackson, Jr. for  
8 Congress, for his and Sandra Jackson's personal use.<sup>4</sup> Specifically, between approximately  
9 August 2005 and April 2012, the Jacksons diverted approximately \$750,000 in campaign funds  
10 to pay for personal expenses.<sup>5</sup>

11 They obtained these funds through several means. For example, between August 2005  
12 and April 2012, the Jacksons used the Jackson Committee credit card to make approximately  
13 3,100 personal purchases — including meals and entertainment, travel, and household items —

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cases where the available evidence in the matter is at least sufficient to warrant conducting an investigation, and where the seriousness of the alleged violation warrants either further investigation or immediate conciliation.”)

<sup>3</sup> Congressman Jackson pleaded guilty to conspiracy to commit mail and wire fraud and making false statements. See Plea Agreement at 1, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 8). Sandra Jackson pleaded guilty to filing false tax returns for failing to report as income the funds the Jacksons diverted from the Jackson Committee for their own use and benefit. See Plea Agreement at 1, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Feb. 20, 2013) (Dkt. Entry No. 12). On August 14, 2013, the district court sentenced Congressman Jackson to 30 months imprisonment and ordered forfeiture of a money judgment totaling \$750,000 and specifically enumerated property traceable to the scheme. See Judgment at 2, 6, *United States v. Jesse Jackson, Jr.*, 1:13-CR-58 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 56). On that same date, the district court sentenced Sandra Jackson to 12 months imprisonment and ordered her to pay restitution of \$20,000 to the Internal Revenue Service. See Judgment at 2, 5, *United States v. Sandra Jackson*, 1:13-CR-59 (D.D.C. Aug. 19, 2013) (Dkt. Entry No. 45).

<sup>4</sup> Although the Statement of Offense refers to several individuals using pseudonyms, the identities of Sandra Jackson and Terri Jones, among others, are discernible from the references to their tenures at different times as treasurers to the Jackson Committee.

<sup>5</sup> Statement of Offense ¶ 11.

1 totaling approximately \$582,773.<sup>6</sup> In another example, between July 2007 and July 2011,  
2 Congressman Jackson made direct expenditures of \$57,793 in Committee funds to purchase a  
3 Rolex watch and pay down personal credit card debt.<sup>7</sup> The scheme was then concealed by filing  
4 materially false and misleading disclosure reports with the Commission.<sup>8</sup>

5 **A. Funneled Committee Funds Through Others to Pay Personal Expenses**

6 In addition to using the Committee's credit card and making direct expenditures of  
7 Jackson Committee funds, another means of diverting Jackson Committee funds involved  
8 funneling funds through conduits who then carried out transactions benefiting the Jacksons. For  
9 example, in one series of transactions, Terri Jones was the intermediary, using her personal  
10 checking account as a pass-through to conduct transactions for the Jacksons' personal benefit  
11 using Committee funds. From in or about October 2008 through in or about March 2012, the  
12 Jackson Committee issued approximately \$76,150.39 in checks to Jones, even though she had  
13 performed work for the Committee entitling her to only about \$11,409.<sup>9</sup> She used nearly all of  
14 the remainder, under Congressman Jackson's direction, for transactions to benefit the Jacksons  
15 personally.<sup>10</sup>

16 In at least four instances, she issued checks from the Committee account to her personal  
17 account to provide sufficient funds for her to write personal checks to Congressman Jackson:<sup>11</sup>

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6 *Id.* ¶¶ 20-25.

7 *Id.* ¶¶ 16-19.

8 *Id.* ¶ 13.

9 *Id.* ¶ 30.

10 *Id.*

11 *Id.* ¶ 32.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Congressman Jackson	Amount
October 14, 2008	\$9,000 <sup>12</sup>	October 15, 2008	\$6,500 <sup>13</sup>
March 4, 2009	\$4,000	March 4, 2009	\$3,500
August 1, 2011	\$6,300	August 1, 2011	\$4,000
March 22, 2012	\$4,730.39 <sup>14</sup>	March 5, 2012	\$1,700

1 In six other instances, Jones received about \$16,400 in cash from Congressman Jackson<sup>15</sup>  
2 and about \$6,730 in checks from the Committee that she deposited into her personal checking  
3 account to provide sufficient funds for her to write personal checks totaling about \$21,211 to pay  
4 down the Jacksons' personal credit card debt.<sup>16</sup>

<sup>12</sup> As the table shows, from this amount, Jones made a payment of \$6,500 to Congressman Jackson on October 15, 2008. The remainder was used to pay a contractor for work performed on the Jacksons' Washington, D.C., home. *See infra* p.5.

<sup>13</sup> Jones made this payment to Congressman Jackson in cash. The other payments were made by check. *See* Statement of Offense at n.3.

<sup>14</sup> The remainder was used for another transaction to personally benefit the Jacksons. *See infra* n.16.

<sup>15</sup> Congressman Jackson has claimed that this cash was given to him by family members. Statement of Offense ¶ 35.

<sup>16</sup> *Id.* ¶ 35.

Jones Deposit Date	Amount	Form	Jones Personal Check Issued to Pay Jacksons' Creditors	Amount
January 18, 2011	\$4,500	Cash	January 21, 2011	\$4,500
March 9, 2011	\$4,800	Cash	March 16, 2011	\$4,800
April 13, 2011	\$3,500	Cash	April 18, 2011	\$3,500
July 26, 2011	\$3,600	Cash	July 29, 2011	\$3,600
February 16, 2012	\$2,000	Check	February 18, 2012	\$2,000
March 22, 2012	\$4,730.39	Check	March 22, 2012	\$2,810.91 <sup>17</sup>

1 In numerous other instances between October 2008 and September 2011 Jones received  
2 payments from the Committee totaling approximately \$30,750.<sup>18</sup> She deposited these payments  
3 into her personal account and then used the funds to issue approximately \$26,347 in personal  
4 checks to multiple contractors who performed work on the Jacksons' Washington, D.C., home.<sup>19</sup>  
5 In each instance, Congressman Jackson instructed Jones to issue a Committee check to herself  
6 and then to use the funds to pay the contractors.<sup>20</sup>

7 Similarly, in 2011, at Congressman Jackson's direction, Jones received Committee funds  
8 that she then used to pay the cost of two mounted elk heads from a taxidermist.<sup>21</sup>

<sup>17</sup> See *supra* n.13.

<sup>18</sup> Statement of Offense ¶ 36.

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.* ¶ 38.

Committee Check Issued to Jones	Amount	Jones Personal Check Issued to Taxidermist	Amount
March 14, 2011	\$3,005 <sup>22</sup>	March 14, 2011	\$3,000 <sup>23</sup>
March 29, 2011	\$3,500	April 1, 2011	\$3,000
April 21, 2011	\$1,500	April 21, 2011	\$1,053

1 Then, in August 2012, Sandra Jackson instructed Jones to sell the mounted elk heads.<sup>24</sup> Jones  
2 arranged the transaction and, with Sandra Jackson's approval, sold the elk heads for \$5,300,  
3 which was less than their original purchase price.<sup>25</sup> At Sandra Jackson's direction, the proceeds  
4 of this sale then were wired to the Jacksons' personal account.<sup>26</sup>

5 **B. False Disclosures to Conceal the Scheme**

6 To enable and prolong the scheme, the Jacksons directed that materially false and  
7 misleading disclosure reports be filed with the Commission between in or about August 2005  
8 and in or about July 2012. To conceal the Jacksons' personal expenditures using the  
9 Committee's credit card, the Jacksons directed Jones not to itemize personal expenditures made  
10 on the campaign credit card.<sup>27</sup> Other times, the Jacksons provided the Committee's treasurer  
11 with false justifications for expenditures, causing that false information to be included in the

<sup>22</sup> This amount was provided by Congressman Jackson to Jones in cash. *Id.* Congressman Jackson has claimed that this cash was given to him by family members. *Id.*

<sup>23</sup> This payment was made using a cashier's check instead of a personal check. Jones used the remaining \$5 to pay the cashier's-check fee. *Id.*

<sup>24</sup> *Id.* ¶ 46.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* ¶ 59.

1 campaign's disclosure reports.<sup>28</sup> The Committee's treasurer then submitted disclosure reports  
2 containing materially false and misleading statements.<sup>29</sup> Filing the materially false and  
3 misleading disclosure reports, "enabled the conspiracy to continue without detection for a  
4 lengthy period of time and without the questions from regulators or the general public that likely  
5 would have ensued had truthful and accurate reports and forms been filed."<sup>30</sup>

6 **C. Notice and Response**

7 On March 21, 2013, the Office of General Counsel provided notice of this matter to Terri  
8 Jones. Through counsel, Jones counsel requested pre-probable cause conciliation, noting that  
9 Congressman Jackson directed Jones to engage in the misconduct at issue.<sup>31</sup>

10 **II. LEGAL ANALYSIS**

11 Congressman Jackson has admitted that he and others participated in a plan to divert  
12 Jackson Committee funds for the Jacksons' personal use and benefit. Using a variety of  
13 methods, the Jacksons ultimately diverted approximately \$750,000 in Committee funds to pay  
14 for a variety of personal goods and services. Jones, among others, helped conceal this scheme by  
15 filing materially false and misleading disclosures. In light of this and the other available  
16 information, the Commission makes the following reason-to-believe findings.

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<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.* ¶ 15.

<sup>31</sup> See Jones Resp. (May 14, 2013).

1           A.     **There Is Reason to Believe Jones Diverted Committee Funds for the**  
2                   **Jacksons' Personal Use**

3           Candidates and their committees have wide discretion in making expenditures to  
4 influence the candidate's election, but the Act and Commission regulations prohibit any person  
5 from converting contributions or donations to personal use.<sup>32</sup> "Personal use" refers to "any use  
6 of funds in a campaign account of a present or former candidate to fulfill a commitment,  
7 obligation or expense of any person that would exist irrespective of the candidate's campaign or  
8 duties as a Federal officeholder."<sup>33</sup> Whether certain uses of committee funds — such as legal,  
9 meal, travel, or certain vehicles expenses — are personal use depends on the case-specific facts  
10 and circumstances.<sup>34</sup> In such cases, "If the candidate can reasonably show that the expenses at  
11 issue resulted from campaign or officeholder activities, the Commission will not consider the use  
12 to be personal use."<sup>35</sup> Other uses of committee funds, however, are personal use *per se* — for  
13 example, tuition payments, household food items, health club dues, clothing purchases, and  
14 home mortgage, rent, or utilities payments.<sup>36</sup>

15           Here, Congressman Jackson's admissions leave no doubt that, through a variety of  
16 means, the Jacksons used Committee funds for all manner of personal uses — including many  
17 *per se* personal uses — over an extended period of time. Between 2006 and 2012, the Jacksons,  
18 with Jones participating as an intermediary, diverted Committee funds and otherwise disguised

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<sup>32</sup> 2 U.S.C. § 439a(b); 11 C.F.R. § 113.1(g).

<sup>33</sup> 11 C.F.R. § 113.1(g).

<sup>34</sup> *Id.* § 113.1(g)(1)(ii).

<sup>35</sup> See Final Rule and Explanation and Justification, Personal Use of Campaign Funds, 60 Fed. Reg. 7,862, 7,867 (Feb. 9, 1995) ("Personal Use E&J").

<sup>36</sup> 2 U.S.C. § 439a(b)(2); 11 C.F.R. § 113.1(g)(1)(i).

1 transactions involving approximately \$100,741 used to pay down personal credit card debt, pay  
2 for home renovations, and purchase elk heads. All of these uses involved funds diverted from  
3 the Jackson Committee that benefitted the Jacksons personally.<sup>37</sup> The Commission therefore  
4 finds reason to believe that Jones violated the Act and Commission regulations by diverting  
5 Jackson Committee funds for the Jacksons' personal use and benefit.<sup>38</sup>

6 **B. There Is Reason to Believe that Terri Jones Commingled Jackson Committee**  
7 **Funds with Personal Funds**

8 The Act also prohibits the commingling of committee funds with "the personal funds of  
9 any individual," including committee personnel.<sup>39</sup> Here, the available information shows that  
10 Jones used her personal bank account as a pass-through, depositing at least 19 Committee checks  
11 totaling approximately \$59,280. By making those deposits, Jones mixed Committee funds with  
12 personal funds, which disguised the fact that the funds were being diverted from the Committee  
13 for the Jacksons' personal use.<sup>40</sup> We therefore recommend that the Commission find reason to  
14 believe that Jones violated the Act by commingling Committee funds with personal funds.<sup>41</sup>

<sup>37</sup> See, e.g., MUR 5895 (Meeks for Congress) (2008) (finding candidate and committee violated Act by, *inter alia*, using committee funds to pay down personal credit card debt, pay for personal trainer, and pay vehicle expenses).

<sup>38</sup> 2 U.S.C. § 439a; 11 C.F.R. § 113.1(g).

<sup>39</sup> 2 U.S.C. § 432(b)(3); 11 C.F.R. § 102.15.

<sup>40</sup> Cf. MUR 6526 (Carper) (2013) (committee bookkeeper violated commingling provision by depositing committee funds into her personal account); MUR 6179 (Ward) (2011) (treasurer violated commingling provision by depositing committee funds into personal accounts, and *vice versa*); MUR 5971 (Adams) (2009) (treasurer violated commingling provision by depositing committee checks into her personal bank account); MUR 5610 (Haywood) (2007) (assistant treasurer violated commingling provision by depositing committee checks into his personal account).

<sup>41</sup> 2 U.S.C. § 432(b)(3); 11 C.F.R. § 102.15.

1           **C.     There is Reason to Believe That Jones Failed to Keep Records and Ensure**  
2           **the Accuracy of the Jackson Committee's Disclosures**

3           The treasurer function is not merely ministerial. The Act and Commission regulations  
4 require treasurers to be responsible for the accuracy of the information contained in committee  
5 disclosures, as well as the timely and complete filing of those reports.<sup>42</sup> This gives rise to  
6 record-keeping obligations. Among them, a treasurer must keep an account of the name and  
7 address of every person to whom a disbursement is made, together with the date, amount and  
8 purpose of the disbursement.<sup>43</sup> And for each disbursement in excess of \$200 by or on behalf of  
9 the Committee, the treasurer must obtain and keep a receipt, invoice, or cancelled check.<sup>44</sup> "Due  
10 to their 'pivotal role,' treasurers may be held personally liable for failing to fulfill their  
11 responsibilities under the Act and the Commission's regulations."<sup>45</sup> Thus, the Commission has  
12 determined as a matter of policy that it will proceed against treasurers in their personal capacity:

13           [W]here information indicates that the treasurer knowingly and willfully violated  
14 an obligation that the Act or regulations specifically impose on treasurers or  
15 where the treasurer recklessly failed to fulfill the duties imposed by law, or where  
16 the treasurer has intentionally deprived himself or herself of the operative facts  
17 giving rise to the violation.<sup>46</sup>

18           Here, the false and misleading disclosures were key to concealing the personal-use  
19 scheme, and they could not have been made without Jones's active participation. Indeed, Jones  
20 admits that she "knew what he was doing was wrong,"<sup>47</sup> but she nevertheless prepared and filed

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<sup>42</sup> 11 C.F.R. § 104.14(d).

<sup>43</sup> 2 U.S.C. § 432(c).

<sup>44</sup> *Id.*; 11 C.F.R. § 102.9(b)(2).

<sup>45</sup> Treasurer Policy, 70 Fed. Reg. at 5 (quoting *FEC v. Toledano*, 317 F.3d 939, 947 (9th Cir. 2003)).

<sup>46</sup> *Id.* at 3-4.

<sup>47</sup> Jones Resp. at 1.

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1 materially false and misleading Committee disclosure reports to conceal the misconduct. Given  
2 the scope and scale of the personal-use scheme, the various means employed to carry it out, and  
3 the necessity of the treasurer's role in concealing the scheme, we recommend that the  
4 Commission find reason to believe that Jones violated the Act and Commission regulations by  
5 failing to keep records and ensure the accuracy of the information contained in the Committee's  
6 disclosures.<sup>48</sup>

7 **D. Jones's Misconduct Was Knowing and Willful**

8 A violation of the Act is knowing and willful if the "acts were committed with full  
9 knowledge of all the relevant facts and a recognition that the action is prohibited by law."<sup>49</sup>  
10 Knowledge and willfulness may be shown by direct or circumstantial evidence that a respondent  
11 "acted voluntarily and was aware that his conduct was unlawful."<sup>50</sup> For example, a respondent's  
12 voluntary participation in a scheme to disguise or conceal the recipients and purposes of  
13 disbursements, as well as the sources of contributions, indicates that the misconduct was  
14 knowing and willful.<sup>51</sup> As the Fifth Circuit noted in *Hopkins*, "It has long been recognized that  
15 'efforts at concealment [may] be reasonably explainable only in terms of motivation to evade'  
16 lawful obligations."<sup>52</sup>

<sup>48</sup> 2 U.S.C. §§ 432(c), 434(b). *Cf.* MUR 5453 (Ariola) (2005) (finding reason to believe treasurer recklessly failed to perform his duties where treasurer was certified public accountant, had requisite financial information available, but failed to accurately reconcile committee's financial activity).

<sup>49</sup> 122 Cong. Rec. 12,197, 12,199 (May 3, 1976).

<sup>50</sup> *United States v. Danielczyk*, 917 F. Supp. 2d 573, 579 (E.D. Va. 2013) (citations omitted).

<sup>51</sup> *Cf. United States v. Hopkins*, 916 F.2d 207, 214-15 (5th Cir. 1990). *Hopkins* involved a conduit contributions scheme, and the issue before the Fifth Circuit concerned the sufficiency of the evidence supporting the defendants' convictions for conspiracy and false statements under 18 U.S.C. §§ 371 and 1001.

<sup>52</sup> *Id.* at 214 (quoting *Ingram v. United States*, 360 U.S. 672, 679 (1959)).

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1 Here, the Jacksons used a variety of means and involved others to conceal the scheme to  
2 divert Committee funds to their personal use and benefit. For example, they used Jones as a  
3 pass-through to disguise the true recipients and purposes of Committee disbursements. They  
4 also directed Jones to prepare and file materially false and misleading disclosure reports to  
5 “enable[] the conspiracy to continue without detection for a lengthy period of time.”<sup>53</sup> And Jones  
6 admittedly knew that Congressman Jackson’s conduct was wrong but nevertheless prepared and  
7 filed materially false and misleading Committee disclosure reports to conceal the misconduct.<sup>54</sup>  
8 The Commission therefore finds reason to believe that Jones’s violations of the Act and  
9 Commission regulations were knowing and willful.

10 **III. CONCLUSION**

11 For the reasons discussed above, the available information — and in particular the factual  
12 basis supporting Congressman Jackson’s guilty plea — credibly sets forth facts supporting a  
13 reason to believe that Terri Jones participated in significant violations of the Act and  
14 Commission regulations.

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<sup>53</sup> Statement of Offense ¶ 15.

<sup>54</sup> See Jones Resp. at 1.